



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 10/13/1999

GAIN Report #TU9044

Turkey

Oilseeds and Products

Changes in Vegetable Oil Regulations

1999

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Report Highlights:

The Turkish Institute of Standards has published a new regulation which allows refiners to produce mixed vegetable oils for the domestic and international markets. The new standard could change the way of producing and marketing cooking oil in Turkey and lead to increases in consumption of soy and canola oils for blended products.

Includes PSD changes: No

Includes Trade Matrix: No

Unscheduled Report

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The Turkish Institute of Standards has introduced a new standard (TS 12550) for production of mixed vegetable oil which allows refiners to create their own formula/mixture of cooking oils (although they are still required to receive permission and register new products with the Ministry of Agriculture) . The old standards did not include blended oils. Hence, cooking oils were named and marketed according to the oil seed they were produced from, i.e., sunflower oil, soy oil, and canola oil.

One company has already launched a mixed vegetable oil on the domestic market and two others are reported to be finalizing their preparations. Sources speculate that the first of the new products could include 40 percent sunflower seed oil, 30 percent soy oil and 30 percent canola oil.

Sunflower oil is the most popular cooking oil in Turkey with annual domestic consumption estimated at about 550,000 tons. The GOT, which supports sunflower seed production with high support prices and high import duties, recently announced a sunflower seed support price of \$330 per ton, which is about 35 percent higher than the previous year (but still below the 60 percent local inflation). To protect local producers, the government has maintained high import duties for sunflower seed and oil, and prohibited production of blended oils which could be more economically priced.

Import duties are currently 28.4 percent for sunflower seed, 12 percent for corn oil and 4 percent for canola and soy seeds, while sunflower-seed oil duty is 38 percent and soy and canola oils are subject to 12 percent duty.

Refiners expect that the lowest priced oil will get the largest share in future blended vegetable oil formulations for both the domestic and export markets. Although domestic and international prices of sunflower-seed oil are currently at very low levels, and sunflower is the preferred oil in Turkey, the new policy will primarily benefit soy and canola, which are also abundant worldwide and subject to lower import duties. This is good news for U.S. soybean exporters. (According to the U.S. Exports Sales report, U.S. soybean exports to Turkey increased from 186,000 metric tons for the period MY 97 (Sept 97-August 98) to about 236,000 in MY 98 (Sept.98- August 99).

Consumers will need to get used to the change, but refiners expect that price conscious Turks will eventually try the new price competitive products and that blended oils could become very popular in the future.